

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Charter Township of Jamestown*

*Ottawa County, Michigan*

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

*Year ended March 31, 2006*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Charter Township of Jamestown, Michigan**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Jamestown, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Jamestown, Michigan, as of March 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Charter Township of Jamestown, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Jamestown, Michigan's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information designated as "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" in the contents is also presented for purposes of additional analysis and is not a required part of the basic financial statements of the Charter Township of Jamestown, Michigan. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

*Siegfried Crandall P.C.*

August 31, 2006

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Jamestown**  
**STATEMENT OF NET ASSETS**  
 March 31, 2006

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,978,593	\$ 2,353,328	\$ 5,331,921
Receivables	185,932	855,614	1,041,546
Internal balances	77,211	(77,211)	-
Total current assets	<u>3,241,736</u>	<u>3,131,731</u>	<u>6,373,467</u>
Noncurrent assets:			
Receivables	-	430,888	430,888
Bond issuance costs, net of amortization	-	69,662	69,662
Capital assets, net of depreciation	<u>2,927,355</u>	<u>7,653,663</u>	<u>10,581,018</u>
Total noncurrent assets	<u>2,927,355</u>	<u>8,154,213</u>	<u>11,081,568</u>
Total assets	<u>6,169,091</u>	<u>11,285,944</u>	<u>17,455,035</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	47,998	96,839	144,837
Bonds and contracts payable	<u>73,041</u>	<u>220,000</u>	<u>293,041</u>
Total current liabilities	121,039	316,839	437,878
Noncurrent liabilities:			
Bonds and contracts payable	<u>490,000</u>	<u>4,145,000</u>	<u>4,635,000</u>
Total liabilities	<u>611,039</u>	<u>4,461,839</u>	<u>5,072,878</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,377,355	3,288,663	5,666,018
Restricted for:			
Public safety	324,902	-	324,902
Culture and recreation	88,503	-	88,503
Debt service	336,067	-	336,067
Capital improvements	421,661	193,888	615,549
Unrestricted	<u>2,009,564</u>	<u>3,341,554</u>	<u>5,351,118</u>
Total net assets	<u>\$ 5,558,052</u>	<u>\$ 6,824,105</u>	<u>\$ 12,382,157</u>

See notes to the financial statements

**Charter Township of Jamestown**

**STATEMENT OF ACTIVITIES**

Year ended March 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 7,791	\$ -	\$ -	\$ -
General government	289,850	50,289	-	-
Public safety	378,455	115,408	-	68,826
Public works	105,040	44,989	19,237	-
Community and economic development	46,900	13,804	-	-
Culture and recreation	251,947	23,070	2,202	-
Interest on long-term debt	26,944	-	-	-
Total governmental activities	<u>1,106,927</u>	<u>247,560</u>	<u>21,439</u>	<u>68,826</u>
Business-type activities:				
Sewer	480,282	135,941	-	363,305
Water	<u>477,481</u>	<u>199,327</u>	<u>-</u>	<u>506,268</u>
Total business-type activities	<u>957,763</u>	<u>335,268</u>	<u>-</u>	<u>869,573</u>
Totals	<u>\$ 2,064,690</u>	<u>\$ 582,828</u>	<u>\$ 21,439</u>	<u>\$ 938,399</u>

General revenues:

Property taxes  
 State shared revenue  
 Cable franchise fees  
 Unrestricted interest income  
 Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending



**Net (expenses) revenues and changes in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>Totals</u></b>
\$ (7,791)		\$ (7,791)
(239,561)		(239,561)
(194,221)		(194,221)
(40,814)		(40,814)
(33,096)		(33,096)
(226,675)		(226,675)
<u>(26,944)</u>		<u>(26,944)</u>
 <u>(769,102)</u>		 <u>(769,102)</u>
	\$ 18,964	18,964
	<u>228,114</u>	<u>228,114</u>
	 <u>247,078</u>	 <u>247,078</u>
 <u>(769,102)</u>	 <u>247,078</u>	 <u>(522,024)</u>
1,171,139	-	1,171,139
349,223	-	349,223
25,675	-	25,675
74,171	98,849	173,020
<u>20,324</u>	<u>-</u>	<u>20,324</u>
 <u>1,640,532</u>	 <u>98,849</u>	 <u>1,739,381</u>
871,430	345,927	1,217,357
<u>4,686,622</u>	<u>6,478,178</u>	<u>11,164,800</u>
 <u>\$ 5,558,052</u>	 <u>\$ 6,824,105</u>	 <u>\$ 12,382,157</u>

See notes to the financial statements

**Charter Township of Jamestown**  
**BALANCE SHEET - governmental funds**  
March 31, 2006

	<u>Major funds</u>		<u>Nonmajor funds</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Road</u>		
<b>ASSETS</b>				
Cash	\$ 1,380,092	\$ -	\$ 1,595,090	\$ 2,975,182
Receivables	82,562	-	103,370	185,932
Due from other funds	<u>131,772</u>	<u>-</u>	<u>-</u>	<u>131,772</u>
Total assets	<u>\$ 1,594,426</u>	<u>\$ -</u>	<u>\$ 1,698,460</u>	<u>\$ 3,292,886</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 18,215	\$ -	\$ 17,872	\$ 36,087
Due to other funds	-	-	54,561	54,561
Deferred revenue	<u>-</u>	<u>-</u>	<u>14,175</u>	<u>14,175</u>
Total liabilities	<u>18,215</u>	<u>-</u>	<u>86,608</u>	<u>104,823</u>
Fund balances:				
Unreserved	1,576,211	-	-	1,576,211
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	1,267,285	1,267,285
Debt service funds	<u>-</u>	<u>-</u>	<u>344,567</u>	<u>344,567</u>
Total fund balances	<u>1,576,211</u>	<u>-</u>	<u>1,611,852</u>	<u>3,188,063</u>
Total liabilities and fund balances	<u>\$ 1,594,426</u>	<u>\$ -</u>	<u>\$ 1,698,460</u>	<u>\$ 3,292,886</u>

Total fund balances - total governmental funds \$ 3,188,063

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 2,927,355

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 14,175

Some liabilities, including bonds and contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds. (571,541)

Net assets of *governmental activities* \$ 5,558,052

See notes to the financial statements

**Charter Township of Jamestown**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds**

Year ended March 31, 2006

	<u>Major funds</u>		<u>Nonmajor funds</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Road</u>		
<b>REVENUES</b>				
Property taxes	\$ 215,409	\$ 324,710	\$ 631,020	\$ 1,171,139
Licenses and permits	146,824	-	-	146,824
Federal grant	-	-	68,826	68,826
State grants	368,460	-	2,202	370,662
Charges for services	35,178	-	22,095	57,273
Fines and forfeitures	10,164	-	-	10,164
Interest and rentals	52,498	-	34,683	87,181
Other	57,065	-	9,817	66,882
Total revenues	<u>885,598</u>	<u>324,710</u>	<u>768,643</u>	<u>1,978,951</u>
<b>EXPENDITURES</b>				
Legislative	7,791	-	-	7,791
General government	273,584	-	1,400	274,984
Public safety	171,706	-	151,780	323,486
Public works	507,350	-	-	507,350
Community and economic development	46,900	-	-	46,900
Culture and recreation	64,680	-	131,462	196,142
Capital outlay	2,000	-	67,367	69,367
Debt service:				
Principal	-	-	68,041	68,041
Interest	-	-	27,569	27,569
Total expenditures	<u>1,074,011</u>	<u>-</u>	<u>447,619</u>	<u>1,521,630</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(188,413)</u>	<u>324,710</u>	<u>321,024</u>	<u>457,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	507,051	-	10,725	517,776
Transfers out	<u>(10,725)</u>	<u>(324,710)</u>	<u>(182,341)</u>	<u>(517,776)</u>
Total other financing sources (uses)	<u>496,326</u>	<u>(324,710)</u>	<u>(171,616)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>307,913</u>	<u>-</u>	<u>149,408</u>	<u>457,321</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,268,298</u>	<u>-</u>	<u>1,462,444</u>	<u>2,730,742</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,576,211</u>	<u>\$ -</u>	<u>\$ 1,611,852</u>	<u>\$ 3,188,063</u>

See notes to the financial statements

**Charter Township of Jamestown**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - governmental funds (Continued)**  
Year ended March 31, 2006

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Net change in fund balances - total governmental funds	\$ 457,321
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Amounts reported for *governmental activities* in the statement of activities (page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Add - capital outlay	488,213
Deduct - depreciation expense	(142,176)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt principal payments.	68,041
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Some items reported in the statement of activities do not provide/require current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds. These activities consist of the following:

Net decrease in deferred revenue	(594)
Net decrease in accrued interest	<u>625</u>

Change in net assets of <i>governmental activities</i>	<u>\$ 871,430</u>
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**Charter Township of Jamestown**  
**STATEMENT OF NET ASSETS - proprietary funds**

March 31, 2006

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,260,620	\$ 1,092,708	\$ 2,353,328
Receivables	382,597	473,017	855,614
Due from other funds	<u>151,683</u>	<u>-</u>	<u>151,683</u>
Total current assets	<u>1,794,900</u>	<u>1,565,725</u>	<u>3,360,625</u>
Noncurrent assets:			
Receivables	170,663	260,225	430,888
Bond issuance costs, net of amortization	-	69,662	69,662
Capital assets, net of accumulated depreciation	<u>5,245,600</u>	<u>2,408,063</u>	<u>7,653,663</u>
Total noncurrent assets	<u>5,416,263</u>	<u>2,737,950</u>	<u>8,154,213</u>
Total assets	<u>7,211,163</u>	<u>4,303,675</u>	<u>11,514,838</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	46,695	50,144	96,839
Due to other funds	39,895	188,999	228,894
Contracts payable	<u>180,000</u>	<u>40,000</u>	<u>220,000</u>
Total current liabilities	266,590	279,143	545,733
Noncurrent liabilities:			
Contracts payable	<u>1,760,000</u>	<u>2,385,000</u>	<u>4,145,000</u>
Total liabilities	<u>2,026,590</u>	<u>2,664,143</u>	<u>4,690,733</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,305,600	(16,937)	3,288,663
Restricted for capital improvements	46,663	147,225	193,888
Unrestricted	<u>1,832,310</u>	<u>1,509,244</u>	<u>3,341,554</u>
Total net assets	<u>\$ 5,184,573</u>	<u>\$ 1,639,532</u>	<u>\$ 6,824,105</u>

See notes to the financial statements

**Charter Township of Jamestown**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - proprietary funds**  
Year ended March 31, 2006

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 135,941	\$ 174,023	\$ 309,964
Other	-	25,304	25,304
Total operating revenues	<u>135,941</u>	<u>199,327</u>	<u>335,268</u>
<b>OPERATING EXPENSES</b>			
System operation and maintenance	146,539	215,441	361,980
Personnel costs	2,325	4,847	7,172
Supplies	8,983	50,292	59,275
Professional services	40,007	23,019	63,026
Miscellaneous	8,796	2,576	11,372
Depreciation	<u>122,003</u>	<u>55,101</u>	<u>177,104</u>
Total operating expenses	<u>328,653</u>	<u>351,276</u>	<u>679,929</u>
Operating loss	<u>(192,712)</u>	<u>(151,949)</u>	<u>(344,661)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capital contributions:			
Customers	74,584	191,980	266,564
Federal grant	-	87,988	87,988
Connection fees	288,721	226,300	515,021
Interest revenue	17,315	15,643	32,958
Special assessment interest	32,112	33,779	65,891
Interest expense	(96,625)	(126,205)	(222,830)
Bad debt expense	<u>(55,004)</u>	<u>-</u>	<u>(55,004)</u>
Total nonoperating revenues	<u>261,103</u>	<u>429,485</u>	<u>690,588</u>
<b>CHANGE IN NET ASSETS</b>	<u>68,391</u>	<u>277,536</u>	<u>345,927</u>
<b>NET ASSETS - BEGINNING</b>	<u>5,116,182</u>	<u>1,361,996</u>	<u>6,478,178</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 5,184,573</u>	<u>\$ 1,639,532</u>	<u>\$ 6,824,105</u>

See notes to the financial statements

**Charter Township of Jamestown**  
**STATEMENT OF CASH FLOWS - proprietary funds**  
Year ended March 31, 2006

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 137,647	\$ 178,512	\$ 316,159
Payments to vendors and suppliers	(266,338)	(263,659)	(529,997)
Payments to employees	(2,325)	(4,847)	(7,172)
Net cash used in operating activities	<u>(131,016)</u>	<u>(89,994)</u>	<u>(221,010)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Connection fees	288,721	226,300	515,021
Collections of assessments receivable	124,106	113,336	237,442
Special assessment interest	32,112	33,779	65,891
Capital contributions	66,169	116,732	182,901
(Increase) decrease in due from other units	(4,480)	90,807	86,327
Acquisition of capital assets	-	(95,147)	(95,147)
Principal payments on capital debt	(175,000)	(125,000)	(300,000)
Interest payments on capital debt	(99,125)	(121,230)	(220,355)
Net cash provided by capital and related financing activities	<u>232,503</u>	<u>239,577</u>	<u>472,080</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>17,315</u>	<u>15,643</u>	<u>32,958</u>
<b>NET INCREASE IN CASH</b>	118,802	165,226	284,028
<b>CASH - BEGINNING</b>	<u>1,141,818</u>	<u>927,482</u>	<u>2,069,300</u>
<b>CASH - ENDING</b>	<u>\$ 1,260,620</u>	<u>\$ 1,092,708</u>	<u>\$ 2,353,328</u>

See notes to the financial statements

**Charter Township of Jamestown****STATEMENT OF CASH FLOWS - proprietary funds (Continued)**

Year ended March 31, 2006

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	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (192,712)	\$ (151,949)	\$ (344,661)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	122,003	55,101	177,104
(Increase) decrease in:			
Receivables	29,665	(20,815)	8,850
Due from other funds	(27,959)	-	(27,959)
Increase (decrease) in:			
Payables	(74,161)	(37,437)	(111,598)
Due to other funds	<u>12,148</u>	<u>65,106</u>	<u>77,254</u>
Net cash used in operating activities	<u>\$ (131,016)</u>	<u>\$ (89,994)</u>	<u>\$ (221,010)</u>

See notes to the financial statements



**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Jamestown, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for specific resources (property taxes) restricted for road construction and maintenance. The fund makes a transfer to the General Fund where the Township's road construction and maintenance costs are recorded.

The Township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the Township's sewage collection systems.

The Water Fund accounts for the activities of the Township's water distribution system.

Private-sector standards of accounting issued prior to March 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity:**

i) *Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs, sewer and water systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Sewer and water systems	50 years
Shared road costs	20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. The Township incurred the following significant budget variances during the fiscal year:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Road	Public works	Roads	\$ 306,000	\$ 324,710	\$ (18,710)

**NOTE 3 - CASH:**

The Township's cash, as presented in the financial statements, is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
Cash	\$ 2,978,593	\$ 2,353,328	\$ 5,331,921

*Deposits:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. At March 31, 2006, \$4,668,921 of the Township's bank balances of \$5,339,254 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's funds are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Inter- governmental</i>	<i>Special assessments</i>	<i>Totals</i>
Governmental funds:					
General Fund	\$ 8,182	\$ 16,817	\$ 57,563	\$ -	\$ 82,562
Nonmajor governmental funds	-	20,369	83,001	-	103,370
Total governmental funds	<u>\$ 8,182</u>	<u>\$ 37,186</u>	<u>\$ 140,564</u>	<u>\$ -</u>	<u>\$ 185,932</u>
Proprietary funds:					
Sewer Fund	\$ 31,287	\$ -	\$ 46,663	\$ 475,310	\$ 553,260
Water Fund	20,815	-	239,964	472,463	733,242
Total proprietary funds	<u>\$ 52,102</u>	<u>\$ -</u>	<u>\$ 286,627</u>	<u>\$ 947,773</u>	<u>\$ 1,286,502</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,225</u>	<u>\$ 170,663</u>	<u>\$ 430,888</u>

All receivables are considered fully collectible.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 401,754	\$ -	\$ -	\$ 401,754
Capital assets being depreciated:				
Shared road costs	320,375	423,624		743,999
Buildings	1,504,950	-	-	1,504,950
Vehicles	899,000	64,589	-	963,589
Equipment	557,640	-	-	557,640
Subtotal	3,281,965	488,213	-	3,770,178
Less accumulated depreciation:				
Shared road costs	2,670	21,314	-	23,984
Buildings	368,856	29,809	-	398,665
Vehicles	430,800	44,950	-	475,750
Equipment	300,075	46,103	-	346,178
Subtotal	1,102,401	142,176	-	1,244,577
Net capital assets being depreciated	2,377,845	346,037	-	2,525,601
Governmental activities capital assets, net	\$ 2,581,318	\$ 346,037	\$ -	\$ 2,927,355
Business-type activities:				
Capital assets being depreciated:				
Sewer system	\$ 6,072,845	\$ -	\$ -	\$ 6,072,845
Water system	2,707,491	95,147	-	2,802,638
Buildings	17,191	-	-	17,191
Subtotal	8,797,527	95,147	-	8,892,674
Less accumulated depreciation:				
Sewer system	716,825	121,457	-	838,282
Water system	339,474	55,101	-	394,575
Buildings	5,608	546	-	6,154
Subtotal	1,061,907	177,104	-	1,239,011
Business-type activities capital assets, net	\$ 7,735,620	\$ (81,957)	\$ -	\$ 7,653,663

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 12,866
Public safety	52,191
Public works	21,314
Culture and recreation	<u>55,805</u>
Total governmental activities	<u>\$ 142,176</u>

**NOTE 6 - NONCURRENT LIABILITIES:**

At March 31, 2006, noncurrent liabilities are comprised of the following individual issues:

Governmental activities:	
Bonds and note payable:	
\$100,719 1995 Intercounty drainage district assessment - payable in annual installments ranging from \$10,868 to \$13,041, plus interest at 4.65% to 5.00%; final payment due May 2006.	\$ 13,041
\$880,000 1998 Library construction bonds - payable in annual installments ranging from \$50,000 to \$80,000, plus interest at 4.1% to 6.0%; final payment due June 2013.	<u>550,000</u>
Total governmental noncurrent liabilities	<u>\$ 563,041</u>
Business-type activities:	
Contracts payable:	
\$885,000 1996 Water system contract payable - payable in annual installments ranging from \$20,000 to \$75,000, plus interest at 5.5% to 7.0%; final payment due May 2016.	\$ 710,000
\$1,830,000 1999 Sewer system contract payable - payable in annual installments ranging from \$140,000 to \$195,000, plus interest at 4.30% to 4.35%; final payment due June 2011.	1,040,000
\$990,000 2000 Sewer system contract payable - payable in annual installments ranging from \$30,000 to \$100,000, plus interest at 5.2% to 5.8%; final payment due June 2021.	900,000
\$1,785,000 2004 Water system contract payable - payable in annual installments ranging from \$40,000 to \$195,000, plus interest at 2.5% to 5.0%; final payment due June 2024.	<u>1,715,000</u>
Total business-type activities noncurrent liabilities	<u>\$ 4,365,000</u>

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - NONCURRENT LIABILITIES (Continued):**

Noncurrent liability activity for the year ended March 31, 2006, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
1995 Note	\$ 26,082	\$ -	\$ (13,041)	\$ 13,041	\$ 13,041
1998 Bonds	605,000	-	(55,000)	550,000	60,000
Total governmental activities noncurrent liabilities	<u>\$ 631,082</u>	<u>\$ -</u>	<u>\$ (68,041)</u>	<u>\$ 563,041</u>	<u>\$ 73,041</u>
Business-type activities:					
1996 Contract payable	\$ 765,000	\$ -	\$ (55,000)	\$ 710,000	\$ -
1999 Contract payable	1,185,000		(145,000)	1,040,000	155,000
2000 Contract payable	930,000		(30,000)	900,000	25,000
2004 Contract payable	1,785,000	-	(70,000)	1,715,000	40,000
Total business-type activities noncurrent liabilities	<u>\$ 4,665,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ 4,365,000</u>	<u>\$ 220,000</u>

The Township has pledged its full faith and credit for repayment of all non-current liabilities. At March 31, 2006, debt service requirements were as follows:

<i>Year ended</i>	<i>Governmental activities</i>		<i>Business-type activities</i>	
<i>March 31:</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2007	\$ 73,041	\$ 24,502	\$ 220,000	\$ 185,941
2008	60,000	21,566	285,000	195,492
2009	65,000	18,783	300,000	182,383
2010	65,000	15,825	305,000	168,879
2011	70,000	7,165	320,000	154,781
2012 - 2016	230,000	22,320	1,065,000	597,159
2017 - 2021	-	-	1,070,000	343,241
2022 - 2025	-	-	800,000	75,899
Totals	<u>\$ 563,041</u>	<u>\$ 110,161</u>	<u>\$ 4,365,000</u>	<u>\$ 1,903,775</u>



**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - PAYABLES:**

Payables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Subtotal</u>
Governmental funds:				
General Fund	\$ 18,215	\$ -	\$ -	\$ 18,215
Nonmajor governmental funds	872	17,000	-	17,872
Total governmental funds	<u>\$ 19,087</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ 36,087</u>
Proprietary funds:				
Sewer Fund	\$ 15,195	\$ -	\$ 31,500	\$ 46,695
Water Fund	24,944	-	25,200	50,144
Total proprietary funds	<u>\$ 40,139</u>	<u>\$ -</u>	<u>\$ 56,700</u>	<u>\$ 96,839</u>

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At March 31, 2006, the composition of interfund balances follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 131,772	Sewer	\$ 39,895
		Water	37,316
		Nonmajor governmental funds	54,561
			<u>131,772</u>
Sewer	151,683	Water	151,683
Totals	<u>\$ 283,455</u>		<u>\$ 283,455</u>

The amounts payable to the General Fund represent temporary cash flow assistance. The amount payable to the Sewer Fund represents a reallocation of collections from customers. The balances are scheduled to be collected in the subsequent year.

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued):**

The interfund transfers for the year ended March 31, 2006, are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
General	\$ 507,051	Capital Improvement	\$ 182,341
		Road	324,710
			<u>507,051</u>
Bliss Creek Drain	10,725	General	10,725
Totals	\$ 517,776	Totals	\$ 517,776

The transfer to the General Fund from the Capital Improvement Fund moved unrestricted revenues of the Capital Improvement Fund to the General Fund to finance road improvement costs.

The transfer to the General Fund from the Road Fund represents restricted revenues collected in the Road Fund to pay for road improvement and maintenance costs accounted for in the General Fund.

The transfer from the General Fund to the Bliss Creek Drain Fund moved unrestricted revenues, collected in the General Fund, to the Bliss Creek Drain Fund to avoid a deficit.

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2006, follows:

Revenues	\$ 114,884
Expenses:	
Direct	(117,618)
Indirect	<u>(23,022)</u>
Deficiency of revenues over expenses	\$ <u>(25,756)</u>

**Charter Township of Jamestown**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for its employees through a defined contribution plan. Employees are eligible to participate from the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The Township contributes 6% of each qualified employee's covered compensation to the plan. Plan participants are also required to contribute 6% of covered compensation. The Township's contributions are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and qualified employees each made contributions of \$10,735 respectively, for the fiscal year ended March 31, 2006, for a total of \$21,470.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Jamestown**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 198,490	\$ 198,490	\$ 215,409	\$ 16,919
Licenses and permits	211,800	211,800	146,824	(64,976)
State grants	324,000	324,000	368,460	44,460
Charges for services	26,600	26,600	35,178	8,578
Fines and forfeitures	8,000	8,000	10,164	2,164
Interest and rentals	35,100	35,100	52,498	17,398
Other:				
Special assessments	14,500	14,500	44,989	30,489
Miscellaneous	9,500	9,500	12,076	2,576
<b>Total revenues</b>	<u>827,990</u>	<u>827,990</u>	<u>885,598</u>	<u>57,608</u>
<b>EXPENDITURES</b>				
Legislative	<u>11,164</u>	<u>7,791</u>	<u>7,791</u>	<u>-</u>
General government:				
Supervisor	38,352	37,970	37,970	-
Elections	3,765	1,438	1,423	15
Assessor	41,564	41,133	41,127	6
Clerk	23,764	23,800	23,800	-
Board of Review	1,663	1,193	1,184	9
Treasurer	28,647	28,916	28,600	316
Building and grounds	34,020	14,649	14,357	292
Cemetery	39,500	47,605	47,310	295
General administration	97,229	76,721	77,813	(1,092)
<b>Total general government</b>	<u>308,504</u>	<u>273,425</u>	<u>273,584</u>	<u>(159)</u>
Public safety:				
Police protection	51,100	52,181	51,329	852
Construction code inspections	156,042	126,114	120,377	5,737
<b>Total public safety</b>	<u>207,142</u>	<u>178,295</u>	<u>171,706</u>	<u>6,589</u>
Public works:				
Road maintenance and construction	377,000	448,535	448,535	-
Drains	30,000	37,254	37,254	-
Street lighting	14,500	19,605	21,561	(1,956)
<b>Total public works</b>	<u>421,500</u>	<u>505,394</u>	<u>507,350</u>	<u>(1,956)</u>

**Charter Township of Jamestown**

**BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - Planning and zoning	\$ 47,680	\$ 48,912	\$ 46,900	\$ 2,012
Culture and recreation - pathways	30,000	63,777	64,680	(903)
Capital outlay	13,000	2,000	2,000	-
Total expenditures	1,038,990	1,079,594	1,074,011	5,583
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(211,000)	(251,604)	(188,413)	63,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	306,000	306,000	507,051	201,051
Transfers out	(95,000)	(95,000)	(10,725)	84,275
Total other financing sources	211,000	211,000	496,326	285,326
<b>NET CHANGE IN FUND BALANCES</b>	-	(40,604)	307,913	348,517
<b>FUND BALANCES - BEGINNING</b>	1,268,298	1,268,298	1,268,298	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,268,298</u>	<u>\$ 1,227,694</u>	<u>\$ 1,576,211</u>	<u>\$ 348,517</u>

**Charter Township of Jamestown**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 306,000	\$ 306,000	\$ 324,710	\$ 18,710
<b>EXPENDITURES</b>				
Public works - roads	-	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	306,000	306,000	324,710	18,710
<b>OTHER FINANCING USES</b>				
Transfers out - General Fund	(306,000)	(306,000)	(324,710)	(18,710)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	-	-	-	-
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SUPPLEMENTARY INFORMATION**



**Charter Township of Jamestown****COMBINING BALANCE SHEET - nonmajor governmental funds**

March 31, 2006

<b>Debt service funds</b>			
	<b><i>Bliss Creek Drain</i></b>	<b><i>Library Construction</i></b>	<b><i>Totals</i></b>
<b>ASSETS</b>			
Cash	\$ 2,965	\$ 339,314	\$ 342,279
Receivables	-	5,253	5,253
Total assets	<u>\$ 2,965</u>	<u>\$ 344,567</u>	<u>\$ 347,532</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ -	\$ -	\$ -
Due to other funds	2,965	-	2,965
Deferred revenue	-	-	-
Total liabilities	2,965	-	2,965
Fund balances:			
Unreserved, undesignated	-	344,567	344,567
Total liabilities and fund balances	<u>\$ 2,965</u>	<u>\$ 344,567</u>	<u>\$ 347,532</u>

<i>Special revenue funds</i>					<i>Total other governmental funds</i>
<i>Fire Operating</i>	<i>Fire Replacement</i>	<i>Capital Improvement</i>	<i>Library</i>	<i>Totals</i>	
\$ 358,827	\$ 347,663	\$ 446,394	\$ 99,927	\$ 1,252,811	\$ 1,595,090
6,856	73,998	-	17,263	98,117	103,370
<u>\$ 365,683</u>	<u>\$ 421,661</u>	<u>\$ 446,394</u>	<u>\$ 117,190</u>	<u>\$ 1,350,928</u>	<u>\$ 1,698,460</u>
\$ 17,000	\$ -	\$ -	\$ 872	\$ 17,872	\$ 17,872
23,781	-	-	27,815	51,596	54,561
-	-	-	14,175	14,175	14,175
40,781	-	-	42,862	83,643	86,608
324,902	421,661	446,394	74,328	1,267,285	1,611,852
<u>\$ 365,683</u>	<u>\$ 421,661</u>	<u>\$ 446,394</u>	<u>\$ 117,190</u>	<u>\$ 1,350,928</u>	<u>\$ 1,698,460</u>

**Charter Township of Jamestown****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2006

	<b>Debt service funds</b>		
	<b>Bliss Creek Drain</b>	<b>Library Construction</b>	<b>Totals</b>
<b>REVENUES</b>			
Property taxes	\$ -	\$ 162,735	\$ 162,735
Federal grant	-	-	-
State grants	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	127	1,615	1,742
Other	1,015	-	1,015
Total revenues	1,142	164,350	165,492
<b>EXPENDITURES</b>			
General government	200	600	800
Public safety	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	13,041	55,000	68,041
Interest	649	26,920	27,569
Total expenditures	13,890	82,520	96,410
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(12,748)	81,830	69,082
<b>OTHER FINANCING USES</b>			
Transfer in	10,725	-	10,725
Transfer out	-	-	-
Total other financing sources (uses)	10,725	-	10,725
<b>NET CHANGE IN FUND BALANCES</b>	(2,023)	81,830	79,807
<b>FUND BALANCES - BEGINNING</b>	2,023	262,737	264,760
<b>FUND BALANCES - ENDING</b>	\$ -	\$ 344,567	\$ 344,567

***Special revenue funds***

<b><i>Fire Operating</i></b>	<b><i>Fire Replacement</i></b>	<b><i>Capital Improvement</i></b>	<b><i>Library</i></b>	<b><i>Totals</i></b>	<b><i>Total other governmental funds</i></b>
\$ 212,925	\$ 159,694	\$ -	\$ 95,666	\$ 468,285	\$ 631,020
-	68,826	-	-	68,826	68,826
-	-	-	2,202	2,202	2,202
-	-	-	22,095	22,095	22,095
5,236	5,738	16,390	5,577	32,941	34,683
360	2,622	-	5,820	8,802	9,817
<u>218,521</u>	<u>236,880</u>	<u>16,390</u>	<u>131,360</u>	<u>603,151</u>	<u>768,643</u>
-	600	-	-	600	1,400
145,919	5,861	-	-	151,780	151,780
-	-	-	131,462	131,462	131,462
-	67,367	-	-	67,367	67,367
-	-	-	-	-	68,041
-	-	-	-	-	27,569
<u>145,919</u>	<u>73,828</u>	<u>-</u>	<u>131,462</u>	<u>351,209</u>	<u>447,619</u>
<u>72,602</u>	<u>163,052</u>	<u>16,390</u>	<u>(102)</u>	<u>251,942</u>	<u>321,024</u>
-	-	-	-	-	10,725
-	-	(182,341)	-	(182,341)	(182,341)
-	-	(182,341)	-	(182,341)	(171,616)
72,602	163,052	(165,951)	(102)	69,601	149,408
<u>252,300</u>	<u>258,609</u>	<u>612,345</u>	<u>74,430</u>	<u>1,197,684</u>	<u>1,462,444</u>
<u>\$ 324,902</u>	<u>\$ 421,661</u>	<u>\$ 446,394</u>	<u>\$ 74,328</u>	<u>\$ 1,267,285</u>	<u>\$ 1,611,852</u>

**SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 CONTINUING DISCLOSURE  
(UNAUDITED)**

**Charter Township of Jamestown**  
**Taxable Value**  
**Fiscal Years Ended March 31, 2002 Through 2006**

<u>Assessed Value as of December 31</u>	<u>Year of State Equalization and Tax Levy</u>	<u>Township's Fiscal Years Ended March 31</u>	<u>Ad Valorem Taxable Value</u>	<u>Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)</u>	<u>Total Taxable Value</u>	<u>Percent Increase Over Prior Year</u>
2000	2001	2002	\$136,493,462	\$ 7,279,954	\$143,773,416	0.00%
2001	2002	2003	150,933,437	11,555,227	162,488,664	13.02
2002	2003	2004	163,322,926	11,776,400	175,099,326	7.76
2003	2004	2005	185,480,500	14,216,500	199,697,000	14.05
2004	2005	2006	209,477,570	15,041,200	224,518,770	12.43

Per Capita Taxable Value for the Fiscal Year Ended March 31, 2006 (2)..... \$44,354

(1) At the full tax rate.

(2) Based on the Township's 2000 census population of 5,062.

Source: Charter Township of Jamestown

**Charter Township of Jamestown**  
**Taxable Value by Use and Class**  
**Fiscal Years Ended March 31, 2002 Through 2006**

<u>Use</u>	<u>Fiscal Years Ended March 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Agricultural .....	\$ 18,461,704	\$ 19,288,050	\$ 19,673,485	\$ 12,266,252	\$ 23,114,486
Commercial .....	6,743,666	8,325,129	9,020,939	9,304,380	10,539,553
Industrial .....	13,586,273	18,064,539	18,680,660	22,404,748	24,242,448
Residential.....	98,980,573	109,074,146	119,896,142	138,384,020	159,256,483
Utility.....	6,001,200	7,736,800	7,828,100	7,337,600	7,365,800
	<u>\$ 143,773,416</u>	<u>\$ 162,488,664</u>	<u>\$ 175,099,326</u>	<u>\$ 199,697,000</u>	<u>\$ 224,518,770</u>
<u>Class</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Real Property.....	\$ 135,220,036	\$ 148,209,958	\$ 160,643,826	\$ 185,728,700	\$ 209,425,070
Personal Property.....	8,553,380	14,278,706	14,455,500	13,968,300	15,093,700
	<u>\$ 143,773,416</u>	<u>\$ 162,488,664</u>	<u>\$ 175,099,326</u>	<u>\$ 199,697,000</u>	<u>\$ 224,518,770</u>

Source: Charter Township of Jamestown

**Charter Township of Jamestown**  
**State Equalized Valuation**  
**Fiscal Years Ended March 31, 2005 and 2006**

<u>Assessed Value as of December 31</u>	<u>Year of State Equalization and Tax Levy</u>	<u>Township's Fiscal Year Ended March 31</u>	<u>Ad Valorem SEV</u>	<u>SEV of Property Granted Tax Abatement Under Act 198</u>	<u>Total SEV</u>
2003	2004	2005	\$248,726,800	\$14,216,500	\$262,943,300
2004	2005	2006	279,950,000	15,041,200	294,991,200

Per Capita SEV for the Fiscal Year Ended March, 2006 (1) ..... \$58,276

(1) Based on the Township's 2000 census population of 5,062.

Source: Charter Township of Jamestown

(UNAUDITED)

**Charter Township of Jamestown**  
**SEV by Use and Class**  
**Fiscal Years Ended March 31, 2005 and 2006**

	<u>Fiscal Year Ended</u> <u>March 31, 2005</u>		<u>Fiscal Year Ended</u> <u>March 31, 2006</u>	
<u>Use</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural.....	\$ 54,545,300	20.74%	\$ 57,737,600	19.57%
Commercial .....	10,804,400	4.11	12,315,000	4.17
Industrial.....	26,754,300	10.17	28,143,900	9.54
Residential.....	163,501,700	62.18	189,428,900	64.22
Utility.....	7,337,600	2.80	7,365,800	2.50
Total	<u>\$262,943,300</u>	<u>100.00%</u>	<u>\$294,991,200</u>	<u>100.00%</u>
<u>Class</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property.....	\$248,975,000	94.71%	\$279,897,500	94.88%
Personal Property.....	<u>13,968,300</u>	<u>5.29</u>	<u>15,093,700</u>	<u>5.12</u>
	<u>\$262,943,300</u>	<u>100.00%</u>	<u>\$294,991,200</u>	<u>100.00%</u>

Source: Charter Township of Jamestown

#### **Tax Abatement**

The Township's Taxable Value does not include the value of certain facilities, which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village, or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under the Act entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198, there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals 1/2 of all tax rates levied by other than the state and local school district for operating purposes plus 1/2 of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1994, this millage rate equals 1/2 of all tax rates levied by other than the state and local school district plus none, 1/2, or all of the state tax rate (as determined by the State Treasurer).

The Township has established goals, objectives, and procedures to provide the opportunity for industrial development and expansion. Since 200, the Township has approved several applications for local property tax relief for industrial firms. The taxable value of properties that have been granted tax abatement under the Act, removed from the Ad Valorem Tax Roll, and placed on the IFT Tax Roll totaled \$15,041,200 for the fiscal year ended March 31, 2006. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on \$7,520,600 of Taxable Value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates, the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as Taxable Value.

(UNAUDITED)

**Charter Township of Jamestown  
Maximum Property Tax Rates  
Fiscal Year Ended March 31, 2006**

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Applicable Millage Reduction Fraction (1)</u>	<u>Maximum Allowable Millage</u>
Operating .....	0.9045	0.9914	0.9045
Fire District .....	1.7173	0.9914	1.7173
Roads .....	1.4965	0.9914	1.4965
Library Operating .....	0.4409	0.9914	0.4409
Library Debt .....	0.7500	N/A	0.7500

(1) Cumulative.

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Property Tax Rates  
Fiscal Years Ended March 31, 2002 Through 2006**

<u>Levy Dec 1</u>	<u>Fiscal Year Ended March 31</u>	<u>General</u>	<u>Debt Service (1)</u>	<u>Total</u>
2001	2002	4.5510	0.7500	5.3010
2002	2003	4.5117	0.7500	5.2617
2003	2004	4.5702	0.7500	5.3202
2004	2005	4.4933	0.7500	5.2433
2005	2006	4.5592	0.7500	5.3092

(1) Voted.

Source: Charter Township of Jamestown

(UNAUDITED)



**Charter Township of Jamestown  
Homestead Property Tax Rates by Governmental Unit  
Fiscal Years Ended March 31, 2002 Through 2006**

<u>Governmental Unit</u>	<u>Fiscal Years Ended March 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Jamestown Township.....	5.3010	5.2617	5.3202	5.2433	5.3092
Ottawa Intermediate Schools	4.2854	4.2688	4.2305	4.2192	4.2109
Grand Rapids Comm College	1.8049	1.8000	1.7865	1.7865	1.7865
State Education.....	6.0000	6.0000	5.0000	6.0000	6.0000
Hudsonville Schools.....	7.9707	7.9658	8.0000	7.9904	7.9858
Grandville Schools .....	6.2317	6.2317	6.1130	6.1130	6.1130
Ottawa County.....	<u>4.2722</u>	<u>4.1672</u>	<u>4.1611</u>	<u>4.2593</u>	<u>4.2579</u>
Total.....	<u>35.8659</u>	<u>35.6952</u>	<u>34.6113</u>	<u>35.6117</u>	<u>35.6633</u>

**Charter Township of Jamestown  
Non-Homestead Property Tax Rates by Governmental Unit  
Fiscal Years Ended March 31, 2002 Through 2006**

<u>Governmental Unit</u>	<u>Fiscal Years Ended March 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Jamestown Township.....	5.3010	5.2617	5.3202	5.2433	5.3092
Ottawa Intermediate Schools	4.2854	4.2688	4.2305	4.2192	4.2109
Grand Rapids Comm College	1.8049	1.8000	1.7865	1.7865	1.7865
State Education.....	6.0000	6.0000	5.0000	6.0000	6.0000
Hudsonville Schools.....	25.9707	25.9658	26.0000	26.0000	25.9858
Grandville Schools .....	24.2317	24.2317	23.9600	23.9600	24.1130
Ottawa County.....	<u>4.2722</u>	<u>4.1672</u>	<u>4.1611</u>	<u>4.2593</u>	<u>4.2579</u>
Total.....	<u>71.8659</u>	<u>71.6952</u>	<u>70.4583</u>	<u>71.4683</u>	<u>71.6633</u>

**Charter Township of Jamestown  
Property Tax Collections  
Fiscal Years Ended March 31, 2002 Through 2006**

<u>December 1 Levy</u>	<u>Fiscal Years Ended March 31</u>	<u>Tax Levy (1)</u>	<u>Collections to March 1 Following Levy</u>	<u>Percent Collected</u>
2001	2002	\$744,396	\$720,298	96.76%
2002	2003	825,426	806,521	97.71
2003	2004	872,459	847,656	97.16
2004	2005	1,009,330	986,020	97.69
2005	2006	1,151,989	1,113,881	96.69

(1) Township taxes only. Excludes special assessments. Includes property tax collections of property granted tax abatement under Act 198.

Source: Charter Township of Jamestown

(UNAUDITED)

**Profile of the Ten Largest Taxpayers  
Charter Township of Jamestown  
Ten Largest Taxpayers  
Fiscal Year Ended March 31, 2006**

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Taxable Value</u>	<u>Percent of Total (1)</u>
Royal Plastic/Royal Land	Plastics manufacturing	\$13,294,314	5.92%
Prime Real Estate Investments	Real estate development	5,105,084	2.27
Patmos Farms/Sunrise Acres	Agricultural	3,092,600	1.38
Espec North America		2,957,376	1.32
Consumers Energy	Utility	2,904,130	1.29
Bosgraaf Real Estate	Real estate development	2,760,320	1.23
Terra Ceia Mobile Home Park	Mobile Home Park	2,414,079	1.08
ANR	Utility	1,553,936	0.69
SEMCO Energy Gas Company	Utility	1,530,095	0.68
Michigan Consolidated Gas	Utility	1,483,109	0.66
		<u>\$37,095,043</u>	<u>16.52%</u>

(1) Based on \$224,518,770 which is the Township's Total Taxable Value for its fiscal year ended March 31, 2006.  
Includes the Equivalent Taxable Value of Property granted under Act 198.

Source: Charter Township of Jamestown

**Charter Township of Jamestown  
Revenues from the State of Michigan  
Fiscal Years Ended March 31, 2002 Through 2006**

	<u>Fiscal Years Ended or Ending March 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Sales Tax .....	<u>\$ 455,531</u>	<u>\$ 386,837</u>	<u>\$ 358,839</u>	<u>\$ 352,747</u>	<u>\$ 349,223</u>

Source: Charter Township of Jamestown

**Legal Debt Margin**

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the Township may legally incur as of March 31, 2006.

Debt Limit (1) .....	\$29,499,120
Debt Outstanding .....	\$4,928,031
Less: Exempt Debt .....	<u>4,365,000</u>
	<u>563,031</u>
Legal Debt Margin .....	<u>\$28,936,089</u>

(1) 10% of \$294,991,200 Township's Total SEV for the fiscal year ended March 31, 2006.

Source: Charter Township of Jamestown.

(UNAUDITED)

## Debt Statement

The following table reflects a breakdown of the Township's direct and overlapping debt as of March 31, 2006.

To the extent necessary, the Township may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds in the following table, which are designated as "UT." However, the Township's ability to levy tax to pay the debt service on the bonds, which is designated as "LT," is subject to applicable charter, statutory, and constitutional limitations.

<u>Township Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
General Obligation Bonds:			
Library construction dated 1998 (UT) .....	\$ 550,000	\$ -0-	\$ 550,000
Water and Sewer Revenue Bonds:			
Dated March 1, 1996 (LT).....	710,000	710,000	-0-
Dated April 1, 1999 (LT).....	1,040,000	1,040,000	-0-
Dated October 1, 2000 (LT).....	900,000	900,000	-0-
Dated June 24, 2004 (LT) .....	<u>1,715,000</u>	<u>1,715,000</u>	<u>-0-</u>
Subtotal .....	<u>4,365,000</u>	<u>4,365,000</u>	<u>-0-</u>
Other Obligations:			
Intercounty drain obligation dated 1995 .....	<u>13,031</u>	<u>-0-</u>	<u>13,031</u>
Totals .....	<u>\$ 4,928,031</u>	<u>\$4,365,000</u>	<u>\$ 563,031</u>

Per Capita Net Township Direct Debt (1) .....\$111  
Percent of Net Direct Debt to SEV (2) .....0.2%

<u>Overlapping Debt (3)</u>	<u>Gross</u>	<u>Township Share As Percent of Gross</u>	<u>Net</u>
Hudsonville School District.....	\$ 76,486,886	19.22%	\$14,700,779
Grandville School District.....	40,950,000	1.05	429,975
Ottawa County.....	22,930,000	2.46	564,078
Grand Rapids Community College.....	54,210,000	0.07	37,947
Ottawa Intermediate School District.....	<u>7,485,000</u>	<u>2.03</u>	<u>151,946</u>
Totals .....	<u>\$202,061,886</u>		<u>\$15,884,725</u>

Per Capita Net Overlapping Debt (1) .....\$3,138  
Percent of Net Overlapping Debt to SEV (2) .....5.38%

Per Capita Net Direct and Overlapping Debt (1) .....\$3,249  
Percent of Net Direct and Overlapping Debt to SEV (2) .....5.58%

(1) Based on the Township's 2000 census population of 5,062.

(2) Based on \$294,991,200, which is the Township's SEV for the fiscal year ended March 31, 2006. Includes the value of property granted tax abatement under Act 198.

(3) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the Township are liable in addition to debt issued by the Township.

Source: Charter Township of Jamestown

(UNAUDITED)